

Message Text

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ACTION EUR-25

INFO OCT-01 ISO-00 CIAE-00 DODE-00 PM-07 H-03 INR-10 L-03

NSAE-00 NSC-07 PA-04 RSC-01 PRS-01 SPC-03 SS-20

USIA-15 COME-00 EB-11 LAB-06 SIL-01 TRSE-00 DRC-01

(ISO) W

----- 046411

R 211638Z MAR 74

FM AMEMBASSY LONDON

TO SECSTATE WASHDC 8905

INFO AMEMBASSY BONN

AMEMBASSY BRUSSELS

AMEMBASSY COPENHAGEN

AMEMBASSY DUBLIN

AMEMBASSY THE HAGUE

AMEMBASSY LUXEMBOURG

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E.O. 11652: N/A

TAGS: ELAB, UK, PINT

SUBJECT: CONVERSATION WITH MICHAEL FOOT, SECRETARY
OF STATE FOR EMPLOYMENT

REF: (A) LONDON 3518; (B) LONDON 3348

1. BEGIN SUMMARY: MICHAEL FOOT, SECRETARY OF STATE FOR
EMPLOYMENT, BELIEVES THAT ANOTHER ELECTION WILL BE
NECESSARY EITHER IN JUNE OR JULY SO THAT THE LABOR
GOVERNMENT CAN RID ITSELF OF THE UNCERTAINTY OF BEING
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A MINORITY GOVERNMENT, IMPEDED FREQUENTLY FROM TAKING

DECISIVE ACTION. FOOT MADE THIS AND OTHER COMMENTS DURING A MEETING WITH THE CANADIAN, GERMAN, SWEDISH AND US EMBASSY LABOR ATTACHES YESTERDAY (MARCH 20).
END SUMMARY

2. FOOT ACKNOWLEDGED THAT 90 PERCENT OF THE LABOR LEADERSHIP DISAGREE WITH HIS PREDICTION OF AN EARLY ELECTION, BUT MANY SHARE WITH HIM THE SERIOUS DISTRESS ABOUT THE KIND OF COMPROMISES WHICH THE NEW GOVERNMENT IS FORCED TO TAKE. (FOOT IDENTIFIED HIMSELF WITH THOSE BACKBENCHERS WHO WOULD HAVE HAPPILY WELCOMED A SHOW-DOWN WITH THE OPPOSITION IN THE COMMONS ON MONDAY, MARCH 18, AND A NEW ELECTION.)

3. FOOT SAID HE RECOGNIZED THAT THE MAJOR PROBLEM WILL BE INCOMES POLICY, BUT HE IS CONFIDENT THAT LABOR LEARNED FROM ITS PREVIOUS EXPERIENCE IN DEALING NOT ONLY WITH INCOMES POLICY BUT ALSO INDUSTRIAL RELATIONS IN GENERAL. HE REFERRED TO THE TIME WHEN THE TRADE UNIONS ANGRILY REJECTED "IN PLACE OF STRIFE" (AND, IN THE PROCESS, HELPED CONSIGN FOR A TIME ITS STEWARDESS, BARBARA CASTLE, TO OUTER DARKNESS.) HE EMPHASIZED THAT -- UNLIKE THE 1964-70 PERIOD, THERE IS NOW A "VERY REAL UNDERSTANDING" BETWEEN THE TUC AND THE LABOR PARTY BECAUSE AFTER 1970 THERE WERE "REALLY CLOSE" DISCUSSIONS BETWEEN THE TWO GROUPS. HE NOTED, TOO, THAT TUC LEADER JACK JONES, WHOM HE CHARACTERIZED AS A "REAL LABOR PARTY MAN," HAD MADE A GREAT CONTRIBUTION TO THE TUC-LABOR PARTY CONSENSUS AND THAT, TOGETHER WITH THE BULK OF THE TRADE UNION LEADERSHIP WOULD AGREE TO A VOLUNTARY SYSTEM OF WAGE RESTRAINTS (REF B). HE ACKNOWLEDGED THAT ONE OF THE OTHER MAJOR TUC LEADERS, HUGH SCANLON, WAS "LESS INTERESTED IN THE PARTY" BUT HE MINIMIZED THE DANGER THAT SCANLON'S AMALGAMATED UNION OF ENGINEERING WORKERS (AUEW) WOULD KICK OVER THE TRACES ON A VOLUNTARY INCOMES POLICY AND HE NODDED APPROVINGLY WHEN ONE OF HIS AUDITORS QUOTED ANOTHER TUC LEADER, SIR SIDNEY GREENE, WHO SAID, "DON'T LOOK AT THE CLAIMS, LOOK AT THE SETTLEMENTS."

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4. ON THE OTHER HAND, FOOT INTIMATED THAT ALL OF THE GOVERNMENT'S GREAT EFFORTS TO WORK OUT THE QUID PRO QUO OF A "SOCIAL CONTRACT" WITH THE UNIONS COULD BE SERIOUSLY ENDANGERED BY CONTINUED INFLATION. THUS, ALTHOUGH THE GOVERNMENT EXPECTS THE STAGE THREE STATUTORY INCOMES POLICY TO RUN ITS COURSE (IT EXPIRES NOVEMBER 6), IT IS PREPARED TO "USE ITS DISCRETIONARY POWERS" TO BREACH STAGE THREE IF NECESSARY. FOOT MADE IT EMPHATICALLY

CLEAR THAT SETTLEMENTS ALREADY CONCLUDED CANNOT BE RE-OPENED. FOOT DECLINED TO COMMENT ON OTHER ELEMENTS OF THE SOCIAL CONTRACT SOUGHT BY THE TUC, SUCH AS TAXES AND OTHER SOCIAL MEASURES, SINCE THESE WOULD BE UNVEILED SHORTLY IN THE COMMONS WHEN THE GOVERNMENT PRESENTS ITS BUDGET.

5. (IN A SEPARATE CONVERSATION WITH THE LABATT, JOHN ELLIOTT, LABOR EDITOR OF THE "FINANCIAL TIMES," SAID THAT THE GOVERNMENT HOPES TO "TIDY UP MANY OF THE LOOSE ENDS ON INCOMES POLICY, INDUSTRIAL RELATIONS AND OTHER IMPORTANT AREAS OF SOCIAL POLICY, IN TIME FOR THE TUC

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CONGRESS IN SEPTEMBER. THEN, IF ALL GOES WELL, IT CAN EXPECT TO OBTAIN AN OVERWHELMING MANDATE FROM THE TRADE UNION MOVEMENT TO CARRY ITS PROGRAM FORWARD.)

6. ON THE US AND EUROPE - FOOT TOUCHED BRIEFLY ON FOREIGN MINISTER CALLAGHAN'S FOREIGN POLICY STATEMENT IN THE COMMONS (REF A). HE SAID THAT HE WAS VERY PLEASED WITH CALLAGHAN'S EFFORT TO BRING ABOUT CLOSER RELATIONS WITH THE US, NOTING THAT ONE OF THE MAJOR REASONS FOR THE FOREIGN SECRETARY'S STRICTURES AGAINST THE COMMUNITY EVEN BEFORE HE RETURNED TO GOVERNMENT WAS LIMITED OFFICIAL USE

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HIS FEAR THAT THE COMMUNITY WAS VEERING SHARPLY AWAY FROM THE UNITED STATES. FOOT INDICATED THAT HIS OWN VIEWS ON THE COMMUNITY HAD NOT CHANGED -- "YOU KNOW MY VIEWS" -- BUT THAT HIS PREEMINENT CONCERN WAS THE DANGER THAT BRITISH SOVEREIGNTY WOULD PASS TO THE EUROPEAN PARLIAMENT. HE ALSO SAID HE HAS NOT DECIDED AS YET WHETHER HE WILL PARTICIPATE IN THE NEXT EC SOCIAL MINISTERS' CONFERENCE. AS FOR A VISIT TO THE US, HE WOULD LIKE VERY MUCH TO DO SO BUT THE UNCERTAIN SITUATION IN THE COMMONS REQUIRES HIM TO STICK VERY CLOSE TO HOME, FOR HE EXPECTS INNUMERABLE ATTEMPTS BY THE OPPOSITION TO UNSEAT THE GOVERNMENT.

7. COMMENT: FOOT'S VIEWS ON THE DOMESTIC SCENE, COUPLED WITH JACK JONES' COMMENTS (REF B), WOULD INDICATE THAT A TUC-LABOR GOVERNMENT HONEYMOON PERIOD IS QUITE POSSIBLE BUT THERE REMAINS THE CONTINUED SKEPTICISM ABOUT ITS DURATION. FOOT'S CAVEAT ABOUT INFLATION IS IMPORTANT, BECAUSE IT WAS INFLATION WHICH CONTRIBUTED TO THE ABRUPT ENDING OF TUC'S COOPERATION WITH THE LAST LABOR GOVERNMENT.

8. HOWEVER, FOOT HAS THUS FAR PROVEN HIMSELF VERY ADROIT, AS EVIDENCED BY HIS ROLE IN HANDLING THE CONSERVATIVES' CHALLENGE ON MONDAY. HE CLEARLY, AS HE TOLD US, WOULD PREFER A CLEAN-CUT SITUATION, I.E., THAT IS A LABOR GOVERNMENT WITH A COMFORTABLE MAJORITY SO IT NEED NOT ACCEPT WHAT IS HALF-A-LOAF OR LESS (EVEN THOUGH IT IS EXPECTED TO BE SUBSIDIZED, THANKS TO SHIRLEY WILLIAMS' INITIATIVE). BUT HE ALSO APPEARS FOR THE MOMENT LIKE THAT OTHER GREAT FIGURE ON THE LEFT, JACK JONES, TO DEMONSTRATE PATIENCE AND PRUDENCE. THE HOLDING OF THE LINE ON INCOMES POLICY AND KEEPING THE SCANLONS OF THE TUC PACIFIED, REORDERING OF INDUSTRIAL RELATIONS TO MEET TRADE UNION DEMANDS FOR RETAINING PROTECTION WHILE GETTING RID OF PENAL SANCT-

IONS, THE ESTABLISHMENT OF CONCILIATION AND ARBITRATION
MECHANISMS, AND THE ENACTMENT OF OTHER VITAL MEASURES
WILL REQUIRE ALL OF THE AGILITY OF FOOT AND MIND THAT
THIS BRILLIANT MAN CAN MUSTER.

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